



HOCKING COUNTY, OHIO

Single Audit

For the Year Ended December 31, 2000

J. L. UHRIG & ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS

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Chillicothe, Ohio 45601



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OFFICE OF THE AUDITOR

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Board of County Commissioners
Hocking County
1 East Main Street
Logan, Ohio 43138

We have reviewed the Independent Auditor's Report of Hocking County, prepared by J. L. Uhrig & Associates, Inc., for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Hocking County is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 5, 2001

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Hocking County, Ohio
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Independent Auditor's Report

Board of County Commissioners
Hocking County
1 East Main Street
Logan, Ohio 43138

We have audited the accompanying general purpose financial statements of Hocking County (the County), as of and for the year ended December 31, 2000. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the County's discretely presented component units, Hocking Valley Community Hospital and Hocking Valley Industries, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Hocking Valley Community Hospital and Hocking Valley Industries, Inc., is based on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. The financial statements of Hocking Valley Industries, Inc. were not audited by the other auditors in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County, as of December 31, 2000, and the results of its operations and cash flows of its proprietary fund types and discretely presented component units for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2001 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the County, taken as a whole. The accompanying schedule of federal awards expenditures required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

J. L. Uhrig & Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Certified Public Accountants

June 19, 2001

HOCKING COUNTY, OHIO
 COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS, AND
 DISCRETELY PRESENTED COMPONENT UNITS
 DECEMBER 31, 2000

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Assets and Other Debits:					
Assets:					
Equity with County					
Treasurer (Notes 2, 5)	\$ 1,602,264	\$ 5,131,895	\$ 111,535	\$ 1,079,384	\$ 56,532
Cash and Cash Equivalents in					
Segregated Accounts (Notes 2, 5, 19, 20)	-	-	-	-	-
Investments in Segregated Accounts (Note 19)	-	-	-	-	-
Receivables - (net, where applicable of allowances for uncollectibles):					
Taxes (Notes 6, 7)	1,524,228	2,342,970	-	-	-
Accounts	-	17,545	-	-	7,500
Accrued Interest	14,212	-	-	-	-
Special Assessments	-	-	7,722	-	-
Due from Other Funds (Note 15)	114,408	49,043	-	-	-
Interfund Receivable (Note 15)	1,000	-	-	-	-
Due from Other Governments (Note 9)	170,542	493,818	-	-	-
Materials and Supplies Inventory (Note 2)	7,867	173,522	-	-	-
Prepaid Items	-	-	-	-	-
Deferred Financing Costs (Net of Accumulated Amortization)	-	-	-	-	-
Other Assets	-	-	-	-	-
Assets Whose Use is Limited - Under Bond Indenture Agreement (Note 19)	-	-	-	-	-
Other Receivables (Note 19)	-	-	-	-	-
Fixed Assets (net, where applicable of accumulated depreciation) (Notes 2, 8)	-	-	-	-	2,053,563
Other Debits:					
Amount Available in Debt Service					
Fund For Retirement of General Obligation and Revenue Bonds	-	-	-	-	-
Amount to be Provided for					
Retirement of General Long-Term Obligations	-	-	-	-	-
Total Assets and Other Debits	<u>\$ 3,434,521</u>	<u>\$ 8,208,793</u>	<u>\$ 119,257</u>	<u>\$ 1,079,384</u>	<u>\$ 2,117,595</u>

The notes to the financial statements are an integral part of this statement.

Fiduciary Fund Type	Account Groups		Totals Primary Gov't (Memorandum Only) 2000	Component Units	Totals Reporting Entity (Memorandum Only) 2000
	General Fixed Assets	General Long-Term Obligations			
Agency					
\$ 1,224,275	\$ -	\$ -	\$ 9,205,885	\$ -	\$ 9,205,885
360,053	-	-	360,053	1,508,840	1,868,893
-	-	-	-	1,417,310	1,417,310
12,959,812	-	-	16,827,010	-	16,827,010
2,735	-	-	27,780	4,179,172	4,206,952
-	-	-	14,212	-	14,212
-	-	-	7,722	-	7,722
20,953	-	-	184,404	-	184,404
-	-	-	1,000	-	1,000
639,951	-	-	1,304,311	-	1,304,311
-	-	-	181,389	154,393	335,782
-	-	-	-	10,280	10,280
-	-	-	-	102,607	102,607
-	-	-	-	1,000	1,000
-	-	-	-	330,000	330,000
-	-	-	-	35,901	35,901
-	6,933,298	-	8,986,861	8,389,622	17,376,483
-	-	111,535	111,535	-	111,535
-	-	1,433,650	1,433,650	-	1,433,650
<u>\$ 15,207,779</u>	<u>\$ 6,933,298</u>	<u>\$ 1,545,185</u>	<u>\$ 38,645,812</u>	<u>\$ 16,129,125</u>	<u>\$ 54,774,937</u>

HOCKING COUNTY, OHIO
 COMBINED BALANCE SHEET-ALL FUND TYPES, ACCOUNT GROUPS, AND
 DISCRETELY PRESENTED COMPONENT UNITS
 DECEMBER 31, 2000

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
Liabilities, Fund Equity and Other Credits:					
Liabilities:					
Accounts Payable	\$ 80,101	\$ 322,100	\$ -	\$ -	\$ 1,463
Contracts Payable	-	-	-	17,258	-
Claims Payable	44,519	-	-	-	-
Accrued Wages and Benefits	135,710	265,462	-	-	3,387
Compensated Absences (Note 2, 14)	-	-	-	-	-
Due to Other Funds (Note 15)	-	143,205	-	-	3,449
Interfund Payable (Note 15)	-	1,000	-	-	-
Due to Other Governments	5,052	51,823	-	-	3,693
Deferred Revenue	1,247,621	2,259,842	7,722	-	-
Undistributed Monies	-	-	-	-	-
Deposits Held and Due to Others	-	-	-	-	-
Notes Payable (Note 14)	-	-	-	-	-
Capital Leases Payable (Note 19)	-	-	-	-	-
Third-Party Settlements (Note 19)	-	-	-	-	-
County Hospital General Obligation Bonds (Note 19)	-	-	-	-	-
Special Assessment Bonds (Note 14)	-	-	-	-	-
Revenue Bonds (Note 14)	-	-	-	-	542,200
General Obligation Bonds (Note 14)	-	-	-	-	-
Total Liabilities	1,513,003	3,043,432	7,722	17,258	554,192
Fund Equity and Other Credits:					
Investment in General Fixed Assets	-	-	-	-	-
Contributed Capital (Note 2)	-	-	-	-	-
Retained Earnings:	-	-	-	-	2,209,413
Unreserved	-	-	-	-	-
Fund Balance:	-	-	-	-	(646,010)
Reserved for Encumbrances	-	-	-	-	-
Reserved for Inventory	75,054	669,828	-	44,858	-
Reserved for Unclaimed Monies	7,867	173,522	-	-	-
Reserved for Debt Service	30,000	-	-	-	-
Undesignated	-	-	111,535	-	-
Total Fund Equity and Other Credits	1,808,597	4,322,011	-	1,017,268	-
Total Liabilities, Fund Equity and Other Credits	1,921,518	5,165,361	111,535	1,062,126	1,563,403
	\$ 3,434,521	\$ 8,208,793	\$ 119,257	\$ 1,079,384	\$ 2,117,595

The notes to the financial statements are an integral part of this statement.

Fiduciary Fund Type	Account Groups		Totals Primary Gov't (Memorandum Only) 2000	Component Units	Totals Reporting Entity (Memorandum Only) 2000
	General Fixed Assets	General Long-Term Obligations			
Agency					
\$ -	\$ -	\$ -	\$ 403,664	\$ 1,874,300	\$ 2,277,964
-	-	-	17,258	-	17,258
-	-	-	44,519	-	44,519
33,797	-	-	438,356	987,796	1,426,152
-	-	652,667	652,667	-	652,667
37,750	-	-	184,404	-	184,404
-	-	-	1,000	-	1,000
14,852,227	-	-	14,912,795	-	14,912,795
-	-	-	3,515,185	-	3,515,185
273,701	-	-	273,701	-	273,701
10,304	-	-	10,304	2,115	12,419
-	-	75,000	75,000	-	75,000
-	-	-	-	1,343,584	1,343,584
-	-	-	-	88,717	88,717
-	-	-	-	4,342,817	4,342,817
-	-	99,190	99,190	-	99,190
-	-	-	542,200	-	542,200
-	-	718,328	718,328	-	718,328
<u>15,207,779</u>	<u>-</u>	<u>1,545,185</u>	<u>21,888,571</u>	<u>8,639,329</u>	<u>30,527,900</u>
-	6,933,298	-	6,933,298	-	6,933,298
-	-	-	2,209,413	-	2,209,413
-	-	-	(646,010)	-	(646,010)
-	-	-	789,740	-	789,740
-	-	-	181,389	-	181,389
-	-	-	30,000	-	30,000
-	-	-	111,535	-	111,535
-	-	-	7,147,876	7,489,796	14,637,672
<u>-</u>	<u>6,933,298</u>	<u>-</u>	<u>16,757,241</u>	<u>7,489,796</u>	<u>24,247,037</u>
<u>\$ 15,207,779</u>	<u>\$ 6,933,298</u>	<u>\$ 1,545,185</u>	<u>\$ 38,645,812</u>	<u>\$ 16,129,125</u>	<u>\$ 54,774,937</u>

HOCKING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Taxes	\$ 2,743,372	\$ 2,832,492	\$ -	\$ -	\$ 5,575,864
Charges for Services	1,536,335	592,696	-	-	2,129,031
Licenses and Permits	2,835	58,241	-	-	61,076
Fines and Forfeitures	126,620	157,367	-	-	283,987
Intergovernmental	795,036	9,410,490	-	40,000	10,245,526
Special Assessments	-	-	11,975	-	11,975
Investment Earnings	451,403	14,571	-	-	465,974
All Other Revenues	71,997	523,509	-	-	595,506
Total Revenues	5,727,598	13,589,366	11,975	40,000	19,368,939
Expenditures:					
Current:					
General Government:					
Legislative and Executive	2,310,882	422,181	-	-	2,733,063
Judicial	911,061	115,884	-	-	1,026,945
Public Safety	1,217,402	870,768	-	-	2,088,170
Public Works	31,226	2,640,759	-	-	2,671,985
Health	39,825	2,287,948	-	-	2,327,773
Human Services	120,434	5,849,084	-	-	5,969,518
Economic Development and Assistance	-	438,913	-	-	438,913
Conservation and Recreation	198,510	-	-	-	198,510
Miscellaneous	475,519	-	300	-	475,819
Capital Outlay	-	-	-	345,397	345,397
Debt Service:					
Principal Retirement	-	25,000	61,708	-	86,708
Interest and Fiscal Charges	-	1,379	45,931	-	47,310
Total Expenditures	5,304,859	12,651,916	107,939	345,397	18,410,111
Excess of Revenues Over (Under) Expenditures	422,739	937,450	(95,964)	(305,397)	958,828

The notes to the financial statements are an integral part of this statement.

HOCKING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Other Financing Sources (Uses):					
Proceeds from the Sale of Fixed Assets	423,188	4,160	-	-	427,348
Proceeds from the Sale of Long-Term Notes	-	50,000	-	-	50,000
Operating Transfers - In	156,000	463,243	95,232	400,000	1,114,475
Operating Transfers - Out	(805,402)	(308,984)	(2,823)	-	(1,117,209)
Total Other Financing Sources (Uses)	(226,214)	208,419	92,409	400,000	474,614
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	196,525	1,145,869	(3,555)	94,603	1,433,442
Fund Balances at Beginning of Year	1,717,126	4,009,084	115,090	967,523	6,808,823
Increase (Decrease) in Fund Inventory	7,867	10,408	-	-	18,275
Fund Balances at End of Year	<u>\$ 1,921,518</u>	<u>\$ 5,165,361</u>	<u>\$ 111,535</u>	<u>\$ 1,062,126</u>	<u>\$ 8,260,540</u>

The notes to the financial statements are an integral part of this statement.

HOCKING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS (NOTE 2)
 FOR THE YEAR ENDED DECEMBER 31, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 2,520,871	\$ 2,741,915	\$ 221,044	\$ 2,658,547	\$ 2,837,529	\$ 178,982
Charges for Services	1,422,904	1,366,306	(56,598)	597,747	605,640	7,893
Licenses and Permits	2,606	2,835	229	62,084	59,763	(2,321)
Fines and Forfeitures	118,221	128,587	10,366	179,181	159,102	(20,079)
Intergovernmental	733,776	760,629	26,853	10,412,913	9,106,570	(1,306,343)
Special Assessments	-	-	-	-	-	-
Investment Earnings	402,804	438,124	35,320	16,582	14,982	(1,600)
All Other Revenues	35,187	71,997	36,810	573,145	519,396	(53,749)
Total Revenues	5,236,369	5,510,393	274,024	14,500,199	13,302,982	(1,197,217)
Expenditures:						
Current:						
General Government:						
Legislative and Executive	2,684,739	2,298,566	386,173	469,607	423,668	45,939
Judicial	993,062	909,425	83,637	196,109	110,792	85,317
Public Safety	1,245,084	1,214,508	30,576	1,203,742	975,732	228,010
Public Works	37,876	31,205	6,671	3,121,878	2,961,629	160,249
Health	82,857	53,464	29,393	2,602,288	2,429,155	173,133
Human Services	176,990	122,881	54,109	6,976,073	6,007,093	968,980
Economic Development and Assistance	400	-	400	531,545	438,913	92,632
Conservation and Recreation	200,501	200,201	300	-	-	-
Miscellaneous	474,819	426,027	48,792	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service:						
Principal Retirement	-	-	-	26,250	25,000	1,250
Interest and Fiscal Charges	-	-	-	1,500	1,379	121
Total Expenditures	5,896,328	5,256,277	640,051	15,128,992	13,373,361	1,755,631
Excess of Revenues Over (Under) Expenditures	(659,959)	254,116	914,075	(628,793)	(70,379)	558,414

The notes to the financial statements are an integral part of this statement.

HOCKING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS (NOTE 2)
 FOR THE YEAR ENDED DECEMBER 31, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	400,000	423,188	23,188	4,160	4,160	-
Proceeds from the Sale of Long-Term Notes	-	-	-	50,000	50,000	-
Advances - In	-	370,500	370,500	-	8,000	8,000
Advances - Out	-	(370,500)	(370,500)	-	(8,000)	(8,000)
Operating Transfers - In	156,000	156,000	-	485,635	463,243	(22,392)
Operating Transfer - Out	(999,836)	(805,402)	194,434	(402,856)	(308,984)	93,872
 Total Other Financing Sources (Uses)	 (443,836)	 (226,214)	 217,622	 136,939	 208,419	 71,480
 Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	 (1,103,795)	 27,902	 1,131,697	 (491,854)	 138,040	 629,894
 Appropriated Prior Year Encumbrances	 62,222	 62,222	 -	 555,955	 555,955	 -
 Fund Balances at Beginning of Year	 1,360,610	 1,360,610	 -	 3,412,396	 3,412,396	 -
 Fund Balance at End of Year	 <u>\$ 319,037</u>	 <u>\$ 1,450,734</u>	 <u>\$ 1,131,697</u>	 <u>\$ 3,476,497</u>	 <u>\$ 4,106,391</u>	 <u>\$ 629,894</u>

The notes to the financial statements are an integral part of this statement.

HOCKING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS (NOTE 2)
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Intergovernmental	-	-	-	40,000	40,000	-
Special Assessments	4,450	11,975	7,525	-	-	-
Investment Earnings	-	-	-	-	-	-
All Other Revenues	-	-	-	-	-	-
Total Revenues	4,450	11,975	7,525	40,000	40,000	-
Expenditures:						
Current:						
General Government:						
Legislative and Executive	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Health	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Economic Development and Assistance	-	-	-	-	-	-
Conservation and Recreation	-	-	-	-	-	-
Miscellaneous	300	300	-	-	-	-
Capital Outlay	-	-	-	512,776	398,053	114,723
Debt Service:						
Principal Retirement	62,300	61,708	592	-	-	-
Interest and Fiscal Charges	46,433	45,931	502	-	-	-
Total Expenditures	109,033	107,939	1,094	512,776	398,053	114,723
Excess of Revenues Over (Under) Expenditures	(104,583)	(95,964)	8,619	(472,776)	(358,053)	114,723

The notes to the financial statements are an integral part of this statement.

HOCKING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS (NOTE 2)
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	-	-	-	-	-	-
Proceeds from the Sale of Long-Term Notes	-	-	-	-	-	-
Advances - In	-	-	-	-	-	-
Advances - Out	-	-	-	-	-	-
Operating Transfers - In	98,000	95,232	(2,768)	50,000	400,000	350,000
Operating Transfer - Out	(2,823)	(2,823)	-	-	-	-
Total Other Financing Sources (Uses)	<u>95,177</u>	<u>92,409</u>	<u>(2,768)</u>	<u>50,000</u>	<u>400,000</u>	<u>350,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(9,406)	(3,555)	5,851	(422,776)	41,947	464,723
Appropriated Prior Year Encumbrances	-	-	-	41,177	41,177	-
Fund Balances at Beginning of Year	<u>115,090</u>	<u>115,090</u>	<u>-</u>	<u>934,145</u>	<u>934,145</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 105,684</u>	<u>\$ 111,535</u>	<u>\$ 5,851</u>	<u>\$ 552,546</u>	<u>\$ 1,017,269</u>	<u>\$ 464,723</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

HOCKING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS (NOTE 2)
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Totals-Memorandum Only		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 5,179,418	\$ 5,579,444	\$ 400,026
Charges for Services	2,020,651	1,971,946	(48,705)
Licenses and Permits	64,690	62,598	(2,092)
Fines and Forfeitures	297,402	287,689	(9,713)
Intergovernmental	11,186,689	9,907,199	(1,279,490)
Special Assessments	4,450	11,975	7,525
Investment Earnings	419,386	453,106	33,720
All Other Revenues	608,332	591,393	(16,939)
Total Revenues	19,781,018	18,865,350	(915,668)
Expenditures:			
Current:			
General Government:			
Legislative and Executive	3,154,346	2,722,234	432,112
Judicial	1,189,171	1,020,217	168,954
Public Safety	2,448,826	2,190,240	258,586
Public Works	3,159,754	2,992,834	166,920
Health	2,685,145	2,482,619	202,526
Human Services	7,153,063	6,129,974	1,023,089
Economic Development and Assistance	531,945	438,913	93,032
Conservation and Recreation	200,501	200,201	300
Miscellaneous	475,119	426,327	48,792
Capital Outlay	512,776	398,053	114,723
Debt Service:			
Principal Retirement	88,550	86,708	1,842
Interest and Fiscal Charges	47,933	47,310	623
Total Expenditures	21,647,129	19,135,630	2,511,499
Excess of Revenues Over (Under) Expenditures	(1,866,111)	(270,280)	1,595,831

The notes to the financial statements are an integral part of this statement.

HOCKING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS (NOTE 2)
 FOR THE YEAR ENDED DECEMBER 31, 2000

Totals-Memorandum Only			
Revised Budget	Actual	Variance Favorable (Unfavorable)	
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	404,160	427,348	23,188
Proceeds from the Sale of Long-Term Notes	50,000	50,000	-
Advances - In	-	378,500	378,500
Advances - Out	-	(378,500)	(378,500)
Operating Transfers - In	789,635	1,114,475	324,840
Operating Transfer - Out	(1,405,515)	(1,117,209)	288,306
Total Other Financing Sources (Uses)	(161,720)	474,614	636,334
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(2,027,831)	204,334	2,232,165
Appropriated Prior Year Encumbrances	659,354	659,354	-
Fund Balances at Beginning of Year	5,822,241	5,822,241	-
Fund Balance at End of Year	<u>\$ 4,453,764</u>	<u>\$ 6,685,929</u>	<u>\$ 2,232,165</u>

The notes to the financial statements are an integral part of this statement.

HOCKING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND EQUITY/FUND BALANCES
 PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Primary Government		Totals (Memorandum Only)
	Enterprise	Component Units	Reporting Entity
Operating Revenues:			
Charges for Services	\$ 153,529	\$ 675,099	\$ 828,628
Patient Service Revenues	-	20,973,644	20,973,644
Contributions	-	439,785	439,785
Other Operating Revenues	7,809	124,090	131,899
Total Operating Revenues	161,338	22,212,618	22,373,956
Operating Expenses:			
Personal Services	45,564	9,177,367	9,222,931
Contractual Services	83,610	5,108,745	5,192,355
Materials and Supplies	4,309	4,707,993	4,712,302
Provision for Bad Debts	-	1,601,682	1,601,682
Other Operating Expenses	6,793	13,093	19,886
Depreciation and Amortization	65,254	999,181	1,064,435
Total Operating Expenses	205,530	21,608,061	21,813,591
Operating Income (Loss)	(44,192)	604,557	560,365
Nonoperating Revenues (Expenses):			
Investment Income	-	185,765	185,765
Interest and Fiscal Charges	(27,622)	(329,074)	(356,696)
Transfers to Affiliates	-	(290,143)	(290,143)
Other Nonoperating Expenses	-	(555)	(555)
Total Nonoperating Revenues (Expenses)	(27,622)	(434,007)	(461,629)
Net Income (Loss) before Operating Transfers	(71,814)	170,550	98,736
Operating Transfers In	2,823	-	2,823
Operating Transfers Out	(89)	-	(89)
Net Income (Loss)	(69,080)	170,550	101,470
Retained Earnings/Fund Balances at Beginning of the Year	(576,930)	7,319,246	6,742,316
Retained Earnings/Fund Balances at End of Year	(646,010)	7,489,796	6,843,786
Contributed Capital at Beginning of Year	2,196,413	-	2,196,413
Tap In Fees	13,000	-	13,000
Contributed Capital at End of Year	2,209,413	-	2,209,413
Total Fund Equity/Fund Balances at End of Year	\$ 1,563,403	\$ 7,489,796	\$ 9,053,199

The notes to the financial statements are an integral part of this statement.

HOCKING COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
 PROPRIETARY FUND TYPE - BUDGET BASIS (NOTE 2)
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Charges for Services	\$ 119,928	\$ 154,095	\$ 34,167
Special Assessments	6,072	7,809	1,737
Tap In Fees	10,000	13,000	3,000
	136,000	174,904	38,904
Expenses:			
Personal Services	51,985	47,261	4,724
Contractual Services	81,671	72,999	8,672
Materials and Supplies	6,220	5,083	1,137
Capital Outlay	3,358	3,195	163
Other	7,153	6,793	360
Debt Service:			
Principal Retirement	5,900	5,900	-
Interest and Fiscal Charges	27,622	27,622	-
	183,909	168,853	15,056
Excess of Revenues Over (Under) Expenses Before Operating Transfers	(47,909)	6,051	53,960
Operating Transfers In	2,797	2,797	-
Operating Transfers Out	(63)	(63)	-
	(45,175)	8,785	53,960
Appropriated Prior Year Encumbrances	1,872	1,872	-
Fund Equity at Beginning of Year	43,912	43,912	-
Fund Equity at End of Year	\$ 609	\$ 54,569	\$ 53,960

The notes to the financial statements are an integral part of these statements.

HOCKING COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Primary Government		Totals (Memorandum Only)
	Enterprise	Component Units	Reporting Entity
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 154,095	\$ 19,496,445	\$ 19,650,540
Cash Received from Other Revenues	7,809	124,090	131,899
Cash Payments to Suppliers for Goods and Services	(79,314)	(8,826,996)	(8,906,310)
Cash Payments for Employee Services and Benefits	(47,261)	(9,085,893)	(9,133,154)
Cash Payments for Other Operating Expenses	(6,793)	(13,093)	(19,886)
Net Cash Provided by Operating Activities	<u>28,536</u>	<u>1,694,553</u>	<u>1,723,089</u>
Cash Flows from Noncapital Financing Activities:			
Operating Transfers In	2,797	-	2,797
Operating Transfers Out	(63)	-	(63)
Interest Payments	-	(64)	(64)
Transfers to Affiliates	-	(290,143)	(290,143)
Other Nonoperating Expenses	-	(555)	(555)
Net Cash Used for Noncapital Financing Activities	<u>2,734</u>	<u>(290,762)</u>	<u>(288,028)</u>
Cash Flows from Capital and Related Financing Activities:			
Tap In Fees	13,000	-	13,000
Bond and Note Principal Payments	(5,900)	(250,000)	(255,900)
Bond and Note Interest Payments	(27,622)	(325,211)	(352,833)
Capital Lease Payments	-	(389,036)	(389,036)
Capital Outlay	-	(698,332)	(698,332)
Net Cash Used for Capital and Related Financing Activities	<u>(20,522)</u>	<u>(1,662,579)</u>	<u>(1,683,101)</u>
Cash Flows from Investing Activities:			
Decrease in Investments, Net	-	(71,873)	(71,873)
Increase in Other Receivables	-	53,775	53,775
Interest on Investments	-	185,765	185,765
Net Cash Provided by Investing Activities	<u>-</u>	<u>167,667</u>	<u>167,667</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,748	(91,121)	(80,373)
Cash and Cash Equivalents at Beginning of Year	<u>45,784</u>	<u>1,599,961</u>	<u>1,645,745</u>
Cash and Cash Equivalents at End of Year	<u>\$56,532</u>	<u>\$1,508,840</u>	<u>\$1,565,372</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

HOCKING COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED DECEMBER 31, 2000
 (Continued)

	Primary Government		Totals (Memorandum Only) Reporting Entity
	Enterprise	Component Units	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	\$ (44,192)	\$ 604,557	\$ 560,365
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation and Amortization	65,254	999,181	1,064,435
Provision for Bad Debts	-	1,601,682	1,601,682
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	566	(2,405,025)	(2,404,459)
(Increase)/Decrease in Inventory	-	81,804	81,804
(Increase)/Decrease in Prepaids	-	(708)	(708)
(Increase)/Decrease in Third Party Settlements	-	252,727	252,727
Increase/(Decrease) in Accounts Payable/Contracts Payable	82	468,861	468,943
Increase/(Decrease) in Deposits Held and Due to Others	-	238	238
Increase/(Decrease) in Due to Other Governments	(10)	-	(10)
Increase/(Decrease) in Accrued Wages and Benefits	3,387	91,236	94,623
Increase/(Decrease) in Due to Other Funds	3,449	-	3,449
Total Adjustments	<u>72,728</u>	<u>1,089,996</u>	<u>1,162,724</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 28,536</u>	<u>\$ 1,694,553</u>	<u>\$ 1,723,089</u>

The notes to the financial statements are an integral part of this statement.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

Hocking County, Ohio (The County), was organized on March 1, 1818. The County is governed by a board of three Commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County's operations are the County Auditor, County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, Municipal Court Judge, a Probate/Juvenile Judge and a Common Pleas Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

Reporting Entity: The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Hocking County, this includes the Hocking County Board of Mental Retardation and Development Disabilities, Hocking County Children Services Board, Hocking County Child Support Enforcement Agency, and departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations for which the County approves the budget, the issuance of debt or levying of taxes.

Discretely Presented Component Units: The component units column in the general purpose financial statements identify the combined financial data of the County's component units, Hocking Valley Industries, Inc. and Hocking Valley Community Hospital. Note 18 provides condensed financial information by individual component unit. Notes 19 and 20 provide component unit disclosures for Hocking Valley Community Hospital and Hocking Valley Industries, Inc., respectively. They are reported separately from the primary government to emphasize that they are legally separate from the County.

Hocking Valley Industries, Inc. - Hocking Valley Industries, Inc. is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. Hocking Valley Industries, Inc., under contractual agreement with the Hocking County Board of Mental Retardation and Developmental Disabilities, provides habilitation services for the mentally and physically handicapped adults in Hocking County. Hocking Valley Industries, Inc. operates on a fiscal year ending December 31.

The Hocking County Board of Mental Retardation and Developmental Disabilities provides Hocking Valley Industries with staff salaries and other funds and support necessary for the operation of Hocking Valley Industries, Inc. Based on the significant services and resources provided by the County to Hocking Valley Industries, Inc. and the non-profit organization's sole purpose of providing assistance to the mentally and physically handicapped adults of Hocking County, Hocking Valley Industries, Inc. is presented as a component unit of Hocking County. Separately issued audited financial statements can be obtained from Hocking Valley Industries, Inc., 1369 East Front Street, Logan, Ohio 43138.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION - Continued

Discretely Presented Component Units: - Continued

Hocking Valley Community Hospital - Hocking Valley Community Hospital is organized as a county hospital under provisions of the general statutes of the State of Ohio. The Board of Trustees are appointed by the county commissioners and the probate and common pleas court judges. The Hospital began operations in 1966 and has a 61-bed acute care unit and a 30-bed skilled nursing unit. Hocking Valley Community Hospital operates on a fiscal year ending December 31. The County has issued debt on behalf of the Hospital using the County's general taxing authority and the Hospital pays the debt service on this debt. Because the Hospital is a county hospital as defined under the Ohio Revised Code and the County does use their taxing authority to issue debt on behalf of the Hospital, the Hospital is presented as a component unit of Hocking County. Separately issued audited financial statements can be obtained from Hocking Valley Community Hospital, 601 State Route 664 North, Logan, Ohio 43138.

The County is associated with certain organizations, which are defined as Jointly Governed Organizations. These organizations are presented in Note 16 to the General Purpose Financial Statements. These organizations are:

- Athens-Hocking-Vinton Alcohol, Drug Addiction and Mental Health District
- Athens-Hocking Joint Solid Waste Management District
- Buckeye Joint-County Self-Insurance Council

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the districts listed below, the County serves as fiscal agent, but the districts are not fiscally dependent on the County. Accordingly, the activity of the following districts and agencies are presented as agency funds within the County's financial statements.

- Hocking County Soil and Water Conservation District
- Hocking County General Health District

Basis of Presentation - Fund Accounting: The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

A fund is defined as a fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes herein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types: Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related current liabilities (except those accounted for in enterprise funds) are accounted for through governmental funds. The following are the County's governmental fund types:

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION - Continued

General Fund This fund is used to account for all financial resources of the County except those required to be accounted for in another fund. The general fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds These funds are used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest and related costs and special assessment long-term debt principal, interest and related costs.

Capital Projects Funds These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by enterprise funds).

Proprietary Fund Type: The proprietary funds are used to account for the County's ongoing activities, which are similar to those, found in the private sector. The following is the proprietary fund type utilized by the County:

Enterprise Funds These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Type: Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following is the County's fiduciary fund type:

Agency Funds These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Account Groups: To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group The General Fixed Assets Account Group is used to account for all fixed assets of the County, other than those fixed assets accounted for in the enterprise funds.

General Long-Term Obligations Account Group The General Long-Term Obligations Account Group is used to account for all long-term debt of the County, except that accounted for in the enterprise funds.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. Condensed financial information on the County's discretely presented component units can be found in Note 18 to the general purpose financial statements. Notes 19 and 20 provide component unit disclosures for Hocking Valley Community Hospital and Hocking Valley Industries, Inc., respectively.

Measurement Focus and Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Enterprise fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current year. The available period for the County is sixty days after year end. In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: earnings on investments, permissive sales tax (see Note 7), federal and state grants and entitlements, and charges for current services. Major revenue sources not susceptible to accrual include licenses and permits and fines and forfeitures which are not considered measurable until received.

The County reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of December 31, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance 2001 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Principal and interest on general and special assessment long-term debt are recorded as fund liabilities when due, and costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The enterprise funds are reported using the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized at the time they are incurred, if measurable. Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting", the County has elected not to apply Financial Accounting Standards Boards Statements and Interpretations issued after November 30, 1989, to its proprietary activities.

Budgetary Process: The budgetary process is prescribed by provisions of the Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, legally are required to be budgeted and appropriated.

The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the County Commissioners.

Tax Budget: A budget of estimated revenues and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

Estimated Resources: The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the County must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about January 1, the certificate of estimated resources is amended to include actual unencumbered balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

Appropriations: A temporary appropriation resolution to control expenditures may be passed on or around January 1 of each year for the period January 1 to March 31. An annual appropriation resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgeted Level of Expenditures: Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation resolution without authority from the Commissioners. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Commissioners' appropriations are made to fund, department and object level (i.e., General Fund - Commissioners - personal services, fringe benefits, supplies and materials, contractual services and other expenditures).

Encumbrances: As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for enterprise funds.

Lapsing of Appropriations: At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

Cash and Cash Equivalents: The County has adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools; however, the County did not have any investments during 2000, so there was no impact on the financial statements. Cash balances of the County's funds, except cash held by a trustee or fiscal agent and in segregated accounts, are pooled and invested in interest bearing accounts and short-term certificates of deposit in order to provide improved cash management. Each fund type's share of the pool is presented on the balance sheet in the account "Equity with County Treasurer." For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, funds included within the Treasurer's cash management pool and investments with original maturities of three months or less are considered to be cash and cash equivalents. Cash and cash equivalents that are held separately within departments of the County and not held with the County Treasurer are recorded on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts." Interest is distributed to the General Fund, the Motor Vehicle Gas Tax Fund, and the Sheriff LEBG Fund. Interest earned during 2000 amounted to \$465,974.

Nonparticipating investment contracts such as certificates of deposit are reported at cost.

Inventory of Supplies: Inventories of governmental funds are stated at cost while inventories of enterprise funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets.

Prepaid Items: Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure is reported in the year in which services are consumed. As of December 31, 2000, the County did not have any significant prepaid items.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Interfund Assets and Liabilities: Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "Due from Other Funds" or "Due to Other Funds" on the balance sheet.

Fixed Assets and Depreciation: In the case of land, buildings, and certain Enterprise Fund assets, the fixed asset values initially were determined at December 31, 1995, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. Donated fixed assets are capitalized at estimated fair value on the date donated. For all other assets, fixed assets were recorded at original cost. The County has implemented a comprehensive inventory management system over the past several years to monitor and track fixed assets and related depreciation. The County has established \$500 as the threshold for which fixed assets are to be reported. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

General Fixed Assets: General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group at historical cost or estimated historical cost. Assets in the general fixed assets account group are not depreciated.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the County. The County does not include the assets related to Hocking Valley Community Hospital in the General Fixed Assets Account Group. Such assets are reported as part of the component unit.

Enterprise Fund Fixed Assets: Fixed assets reflected in the enterprise funds are stated at historical cost (or estimated historical cost) and are updated for the cost of additions and retirements during the year. Depreciation has been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Sewer treatment plants	25
Sewer lines and related assets	40-50

Compensated Absences: The County uses the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and by those employees for whom it is probable will become eligible to receive payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end.

County employees earn vacation and sick leave at varying rates depending on length of service and departmental policy. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service. Accumulated, unused sick leave is paid up to a maximum of 240 hours depending on the length of service.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. The entire amount of compensated absences is reported as a fund liability for the enterprise funds.

Intergovernmental Revenues: For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, shared revenues, and entitlements are recorded as receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants, entitlements or shared revenues received for enterprise fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Such resources restricted for the construction of capital assets are recorded as contributed capital.

Contributed Capital: Contributed capital represents resources from other funds, other governments, private sources, and tap-in fees, to the extent they exceed the cost of physical connection to the system, which have been provided to the enterprise funds and are not subject to repayment. Because the County, prior to 1996, had not prepared financial statements in accordance with generally accepted accounting principles, the exact amount of contributed capital pertaining to years prior to 1996 could not always be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying general purpose financial statements. All other fund equity amounts pertaining to the enterprise funds have been classified as retained earnings.

Reserves of Fund Equity: The County records reservations for those portions of fund balance, which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, debt service, unclaimed monies, and inventory of supplies.

Long-Term Debt: Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group.

Interfund Transactions: During the course of normal operations, the County has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers. Nonrecurring and non-routine transfers of equity between funds and the transfer of residual balances of discontinued funds or projects to the general fund or capital projects funds are classified as residual equity transfers.

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Total Columns on General Purpose Financial Statements: Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data. When the title of a statement indicates that a component unit is included, two total columns are presented. The first is captioned "Primary Government" to indicate that only those activities that comprise the County's legal entity have been included. The second is captioned "Reporting Entity" and includes the activity and operations of the County's legally separate discretely presented component units (see Note 1). The "Total" columns on statements that do not include a component unit have no additional caption.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Legal Compliance: The following funds had expenditures plus encumbrances in excess of appropriations at December 31, 2000:

<i>Special Revenue Funds</i>	
Marriage License Special Fund	
Health	\$10,047
United Way Eager Fund	
Human Services	23
Prisoner Phone Supply Fund	
Public Safety	937
Certificate of Title Administration Fund	
Operating Transfers Out	74,889

The following funds had appropriations in excess of estimated receipts at December 31, 2000:

<i>General Fund</i>	
Medical Insurance Reserve Fund	
<i>Special Revenue Funds</i>	
Drug Law Enforcement Fund	
Rural Juvenile Drug Court Fund	
Felony Delinquent Care and Custody Fund	
Senior Citizens Fund	
Hocking County Integrated Intervention/CCA Fund	
Children's Services Fund	
<i>Debt Service Funds</i>	
West Logan Water Assessment Bond Fund	

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 4 - CONVERSION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis). Material encumbrances are disclosed in the notes for the enterprise funds (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

Adjustments necessary to convert the results of operations at the end of the year on the Budget basis to the GAAP basis are as follows:

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$ 196,525	\$1,145,869	\$(3,555)	\$94,603
Increases (Decreases) Due To:				
Revenue Accruals	(217,205)	(286,384)	0	0
Expenditure Accruals	187,128	(659,329)	0	9,460
Advances In	370,500	8,000	0	0
Advances Out	(370,500)	(8,000)	0	0
Encumbrances	(138,546)	(62,116)	0	(62,116)
Budget Basis	<u>\$27,902</u>	<u>\$138,040</u>	<u>\$3,555</u>	<u>\$41,947</u>

Net Loss/Excess of Revenues
Over (Under) Expenses
Proprietary Fund Type

	Enterprise
GAAP Basis	\$ (69,080)
Increases (Decreases) Due To:	
Revenue Accruals	13,540
Expense Accruals	(6,934)
Depreciation	65,254
Note Principal Payment	(5,900)
Encumbrances	(1,963)
Budget Basis	<u>\$8,785</u>

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS

Policies and Procedures: The County has adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. However, at December 31, 2000, the County did not hold any investments. Moneys held by the County are classified by State Statute into two categories. Active moneys means an amount of public moneys determined to be necessary to meet current demand upon the County treasury. Active moneys must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Moneys held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. Bonds, notes, or other obligations of, or guaranteed by, the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase and reverse repurchase agreements in the securities listed above;
4. Bond and other obligations of the State of Ohio, its political subdivision, or other units or agencies of this State or its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits. At year-end, the carrying amount of the County's deposits was \$9,565,938. The County had \$84,446 of cash on hand at year end and the bank balance was \$9,698,694. Of the bank balance, \$560,993 was covered by federal depository insurance. The remaining amounts were considered uninsured and uncollateralized. Although all Ohio statutory requirements for the collateralization of deposits had been followed, non-compliance with federal requirements could potentially prevent the County from exercising a successful claim as a secured creditor against the FDIC and render them a general creditor for the uncollateralized amount.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS - Continued

Investments. Statutory provisions require that the County Treasurer hold all securities acquired by the County or deposit them with a qualified trustee pursuant to Section 135.18, Revised Code.

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that local governments disclose the carrying amounts and fair value of investments classified by risk. Category 1 includes investments that are insured or registered for which the securities are held by the County. Category 2 includes uninsured and unregistered investments for which the securities are held in the counter party's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party or by its trust department but not in the County's name. The County held no investments as of December 31, 2000.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Because there are no differences between investments per GASB Statement No. 9 and GASB Statement No. 3, no reconciliation is necessary.

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years. The last reappraisal was completed in 1998. Real property taxes are payable annually or semiannually. The first payment is due February 14, with the remainder payable by July 18.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due October 17. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by October 17.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically remits to itself its share of the taxes collected. The County records receipt of these taxes in various funds.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable and unpaid as of December 31, 2000. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are not intended to finance 2000 operations. The receivable is therefore offset by a credit to deferred revenue.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 6 - PROPERTY TAXES - Continued

The full tax rate for all County operations for the year ended December 31, 2000, was \$11.20 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	
Residential/Agricultural	\$236,851,670
Commercial/Industrial	33,855,390
Public Utilities	114,740
Minerals	1,092,580
Tangible Personal Property	
General	28,134,577
Public Utility	54,454,430
Total Property Taxes	<u>\$354,503,387</u>

NOTE 7 - PERMISSIVE SALES TAX

In prior years, the County Commissioners, by resolution, imposed a one percent tax on certain retail sales, made in the County. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the general fund. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. Sales and use tax revenue for 2000 amounted to \$1,620,994.

In 1998, a 911 Sales Tax in the amount of one quarter of one percent on certain retail sales made in the County was imposed. The proceeds from this tax are credited to the Hocking County 911 Fund and are used for 911 purposes. Amounts that have been collected by the State and are to be received within the available period are accrued as revenue. The 911 sales and use tax revenue for 2000 amounted to \$405,561.

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at December 31, 2000, are as follows:

	<u>Enterprise</u>
Land	\$39,401
Sewer Plants and Buildings	305,301
Sewer Lines and Related Assets	<u>2,479,028</u>
Total Fund Fixed Assets	2,823,730
Less: Accumulated Depreciation	<u>(770,167)</u>
Total Fund Fixed Assets (net of accumulated depreciation)	<u>\$2,053,563</u>

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 8 - FIXED ASSETS - Continued

A summary of the changes in general fixed assets during 2000 is as follows:

<u>Asset Category</u>	<u>Balance for the Year Ended 12/31/99</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance for the Year Ended 12/31/00</u>
Land & Land Improvements	\$360,591	\$0	\$0	\$360,591
Buildings	1,736,953	5,416	470,000	1,272,369
Machinery and Equipment	2,580,099	271,383	112,393	2,739,089
Vehicles	2,395,696	409,898	244,345	2,561,249
Totals	<u>\$7,073,339</u>	<u>\$686,697</u>	<u>\$826,738</u>	<u>\$6,933,298</u>

NOTE 9 - INTERGOVERNMENTAL RECEIVABLES (DUE FROM OTHER GOVERNMENTS)

A summary of the principal items of intergovernmental receivables is as follows:

<u>Fund / Type</u>	<u>Amount</u>
<i>General Fund</i>	
Grants	\$10,922
Local Government & Local Government Revenue Assistance	121,638
Jail Confinement	2,039
Other	<u>35,943</u>
<i>Total General Fund</i>	<u>170,542</u>
<i>Special Revenue Funds</i>	
License, Gasoline, and Permissive Taxes	284,286
Grants and Entitlements	208,440
Other	<u>1,092</u>
<i>Total Special Revenue Funds</i>	<u>493,818</u>
<i>Agency Funds</i>	
License, Gasoline, and Permissive Taxes	103,453
Undivided Library Tax	294,243
Local Government & Local Government Revenue Assistance	238,505
Other	<u>3,750</u>
<i>Total Agency Funds</i>	<u>639,951</u>
<i>Total All Funds</i>	<u>\$1,304,311</u>

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 10 - RISK MANAGEMENT

The Buckeye Joint-County Self Insurance Council is jointly governed organization that serves Athens, Hocking, Jackson, Lawrence, Meigs, Monroe, Morgan, Noble, Perry, Pike, Vinton and Washington counties, and was formed as an Ohio non-profit corporation for the purpose of establishing an insurance pool to obtain general liability, law enforcement, professional and fleet insurance. Member counties provide operating resources to the corporation based on actuarially determined rates.

The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating counties. The Governing Board annually elects officers that include a President, Vice President, Second Vice-President and two Governing Board members. The Governing Board must approve the expenditures and investments of funds by the officer unless the Governing Board has set specific limits.

In the event of losses, the member will pay the first \$250 to \$1,000 of any valid claim depending on the type of loss. The next payment, with a maximum pay ranging from \$100,000 to \$ 1,000,000 per occurrence, will come from the self-insurance pool based on the member's percentage of contribution. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. Hocking County does not have any ongoing financial interest or responsibility.

The agreement between the County and the Council indicates that a voluntary withdrawal or termination by the county shall constitute a forfeiture of any pro-data share of the council reserve fund.

In the event of the termination of the Council, current members shall be paid in an amount they have contributed to the Council as of the last month of the Council's existence. Current calculation of this potential residual interest is, therefore, not possible. During 2000, Hocking County paid \$92,546 to the Council for insurance coverage. This jointly governed organization is a cost-sharing pool.

The County pays the State Bureau of Worker's Compensation System a premium based on a rate per \$100 salary. This rate is calculated based upon accident history and administrative costs. The County pays all elected officials' bonds by statute.

NOTE 11- DEFINED BENEFIT RETIREMENT PLANS

Public Employees Retirement System: All Hocking County full-time employees, other than certified teachers with the Board of Mental Retardation and Developmental Disabilities (MR/DD), participate in the Public Employees Retirement System of Ohio (the "System"), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for local government employees other than law enforcement and 6% for law enforcement employees. The 2000 employer contribution rate was 10.84% of covered payroll for employees other than law enforcement. The law enforcement employer rate was 15.70% of covered payroll. Hocking County's contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$1,371,083, \$1,343,708, and \$1,323,320, respectively; 90% has been contributed for 2000 and 100% for years 1999 and 1998. Of the 2000 amount, \$139,409 was unpaid at December 31, 2000 and is recorded as a liability within the respective funds.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 11- DEFINED BENEFIT RETIREMENT PLANS – Continued

State Teachers Retirement System: The Hocking County Board of Mental Retardation and Developmental Disabilities contributes to the State Teachers Retirement System of Ohio (STRS) for all certified teachers, a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Chapter 3307 of the Ohio Revised Code establishes benefits. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

Plan members are required to contribute 9.3% of their annual covered salary and the County is required to contribute 14%; 8% was the portion allocated to fund pension obligations for 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Hocking County's contributions to STRS for the years ended December 31, 2000, 1999, and 1998 were \$3,797, \$17,995, and \$14,384, respectively; 100% has been contributed for years 2000, 1999 and 1998.

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the Public Employees Retirement System/State Teachers Retirement System. As of December 31, 2000, none of the elected officials had elected social security.

NOTE 12 - POSTEMPLOYMENT BENEFITS

Public Employees Retirement System: The Public Employees Retirement System of Ohio (the "System") provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the System is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. The employer rate for employees other than law enforcement personnel was 10.84% of covered payroll; 4.3% was the portion that was used to fund health care for 2000. The law enforcement employer rate was 15.70% and 4.3% was used to fund health care for the year. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 1999. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 1999 was 7.75%. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 12 - POSTEMPLOYMENT BENEFITS - Continued

OPEB are advance-funded on an actuarially determined basis. The number of active contributing participants was 401,339. The County contributions actually made to fund postemployment benefits during fiscal year 2000 were \$313,690. \$10,805.5 million represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 1999 (the most recent data available). The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively.

The Retirement Board initiated significant policy changes during 2000. The Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both the state and local government divisions and 6% for law enforcement divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons. PERS elected to return to an actuarially pre-funded type of disclosure because they believe it is a better presentation of PERS's actual funding methodology.

State Teachers Retirement System: Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The State Teachers Retirement System is funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care costs in the form of a monthly premium. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For the fiscal year-ended June 30, 2000, the Retirement Board allocated employer contributions equal to 8.0% of the covered payroll to the Health Care Reserve Fund. For the County, this amount equaled \$1,304 during the 2000 fiscal year. The balance in the Health Care Reserve Fund was \$3.419 billion on June 30, 2000. For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000. There were 99,011 eligible benefit recipients.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Deferred Compensation Plans: Hocking County employees and elected officials may participate in either of two state-wide deferred compensation plans created in accordance with Internal Revenue Code Section 457. One is offered by the State of Ohio, and the County Commissioners Association of Ohio provides the other. Participation is on a voluntary payroll deduction basis. Each plan permits deferral of compensation until future years. The deferred pay and income earned on it is not subject to taxation until the employee receives it. According to the plans, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. In prior years, all plan assets under the Ohio Public Employees Deferred Compensation Program and the County Commissioners' Association of Ohio Deferred Compensation Program were switched and are now being held in trust arrangements for the exclusive benefit of participants and their beneficiaries, as required by the Small Business Job Protection Act of 1996. Under this Act, all existing deferred compensation plans were required to implement such a trust arrangement by January 1, 1999. As a result, the assets and associated liabilities of these plans are no longer reflected in the general purpose financial statements of the County as of December 31, 2000.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 14 - LONG-TERM DEBT

The County's long-term obligations at year end consisted of the following:

Types / Issues	Outstanding at 12/31/99	Increases	Decreases	Outstanding at 12/31/00
<i>General Long-Term Obligations</i>				
<i>General Obligation Bonds:</i>				
1998 - 3.8 - 5.35% Consolidated County Building Bonds	\$690,000	\$0	\$35,000	\$ 655,000
1995 - 8.5% County Annex Bonds	<u>82,936</u>	<u>0</u>	<u>19,608</u>	<u>63,328</u>
Total General Obligation Bonds	772,936	0	54,608	718,328
<i>Long-Term Notes:</i>				
1999 - 5.5% Road Equipment Series Notes	50,000	0	25,000	25,000
2000 - 6.85% Road Equipment Series Notes	<u>0</u>	<u>50,000</u>	<u>0</u>	<u>50,000</u>
Total Long-Term Notes	50,000	50,000	25,000	75,000
<i>Special Assessment Bonds:</i>				
1996 - 4.5% Rockbridge Sewer Special Assessment Bonds	50,000	0	1,800	48,200
1991 - 5.875% Haydenville FmHA Special Assessment Bonds	37,900	0	2,300	35,600
1985 - 5.0% West Logan Water FmHA Special Assessment Bonds	<u>18,390</u>	<u>0</u>	<u>3,000</u>	<u>15,390</u>
Total Special Assessment Bond	106,290	0	7,100	99,190
Compensated Absences	<u>578,241</u>	<u>74,426</u>	<u>0</u>	<u>652,667</u>
Total General Long-Term Obligations	<u>\$1,507,467</u>	<u>\$124,426</u>	<u>\$86,708</u>	<u>\$1,545,185</u>
<i>Enterprise Fund</i>				
1996 - 4.5% Rockbridge Sanitary Sewer Revenue Bonds	\$333,000	\$0	\$3,500	\$329,500
1991 - 5.875% Haydenville Sewer FmHA Revenue Bonds	<u>215,100</u>	<u>0</u>	<u>2,400</u>	<u>212,700</u>
Total Enterprise Fund	<u>\$548,100</u>	<u>\$ 0</u>	<u>\$ 5,900</u>	<u>\$542,200</u>

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 14 - LONG-TERM DEBT - Continued

The General Obligation Bonds will be paid from the Debt Service Funds. The Road Equipment Series Notes will be paid from the Auto Gas Fund (a Special Revenue Fund). The Special Assessment Bonds will be paid through special assessments levied on the benefiting property owners. In the event that a property owner would fail to pay the assessment, the County would make payment. Operating revenues generated from sewer fees will pay the Enterprise Fund Sanitary Sewer Revenue Bonds. The compensated absences liability will be paid from the fund from which the employees are paid. Additions and deletions of accrued vacation and sick leave are shown net since it is impractical for the County to determine these amounts separately.

As more fully described in Note 19, Hocking Valley Community Hospital is responsible for the debt service on the 1993 Hospital Refunding and Improvement Bonds and the 1997 County Hospital Improvement Bond Anticipation Note. The County is not reporting this debt as part of the County's Primary Government. The Hospital is responsible for paying off this debt; therefore, the debt is being reported within the Hocking Valley Community Hospital, a discretely presented component unit of the County. In the event that the Hospital would fail to pay the debt, the County would be responsible for making payment.

The following is a summary of the County's future principal and interest requirements for long-term debt obligations, including \$934,557 of interest:

	Consolidated Services Building Bonds	County Annex Bonds	Special Assessment Bonds	Sanitary Sewer Revenue Bonds	Total
2001	\$67,768	\$25,906	\$12,530	\$33,524	\$139,728
2002	71,228	25,906	12,144	33,509	142,787
2003	74,426	19,429	12,257	33,479	139,591
2004	72,358	0	11,945	33,533	117,836
2005	70,242	0	11,816	33,567	115,625
2006-2010	355,178	0	43,118	167,463	565,759
2011-2015	142,450	0	24,979	167,630	335,059
2016-2020	83,025	0	8,222	167,520	258,767
2021-2025	0	0	0	167,467	167,467
2026-2030	0	0	0	167,492	167,492
2031-2035	0	0	0	107,315	107,315
2036-2038	0	0	0	36,849	36,849
Totals	<u>\$936,675</u>	<u>\$71,241</u>	<u>\$137,011</u>	<u>\$1,149,348</u>	<u>\$2,294,275</u>

The Road Equipment Series Notes (including interest of \$6,513) are payable as follows:

	<u>1999 Notes</u>	<u>2000 Notes</u>
2001	\$26,375	\$28,425
2002	<u>0</u>	<u>26,713</u>
Totals	<u>\$26,375</u>	<u>\$55,138</u>

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 15 - INTERFUND TRANSACTIONS

Interfund balances at December 31, 2000, consist of the following individual fund receivables and payables:

Fund Type/Fund	Due From Other Funds	Due To Other Funds
<i>General Fund</i>	\$114,408	\$0
<i>Special Revenue Funds</i>		
Auto Gas Fund	5,712	22,733
Hocking Co. DHS/CSEA Fund	0	3,850
Human Services Fund	0	62,567
Special Marriage License Fund	221	0
Probate Court Business Fund	13	0
Dog and Kennel Fund	0	1,674
Real Estate Assessment Fund	0	1,652
Family and Children First Fund	0	2,349
Early Start Fund	0	3,191
Indigent Guardianship Fund	189	0
MR/DD Fund	0	21,693
Emergency Medical Services Fund	12,736	672
Felony Delinquent Care and Custody Fund	0	4,250
Senior Citizens Fund	2,219	393
Indigent Drivers Alcohol Treatment Fund	94	0
Enforcement & Education Fund	6	0
Municipal Court Legal Research Fund	851	0
Municipal Clerk's Computer Fund	3,027	0
Hocking County Integrated Intervention/CCA Fund	0	35
Children's Services Fund	23,103	18,146
Juvenile Court Computer Fund	602	0
Probate Court Computer Fund	270	0
Total Special Revenue Funds	49,043	143,205
Enterprise	0	3,449
<i>Agency Funds</i>		
Law Library Fund	3,886	0
Soil and Water Conservation Fund	0	3,761
Board of Health Fund	17,067	0
Probate Court Fund	0	2,519
Sheriff Fund	0	6
Emergency Medical Services Fund	0	12,736
Clerk of Courts Fund	0	500
Juvenile Court Fund	0	3,355
Municipal Court Fund	0	14,873
Total Agency Funds	20,953	37,750
Total All Funds	\$184,404	\$184,404
Fund Type/Fund	Interfund Receivable	Interfund Payable
<i>General Fund</i>	\$1,000	\$0
<i>Special Revenue Funds</i>		
Hocking County Integrated Intervention/CCA Fund	0	1,000
Total All Funds	\$1,000	\$1,000

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Athens-Hocking-Vinton Alcohol, Drug Addiction and Mental Health District

The County is a member of the Athens-Hocking-Vinton Alcohol, Drug Addiction and Mental Health District, which is a jointly governed organization of these three counties. The purpose of the District is to provide alcohol, drug addiction and mental health services to residents of each of these three counties. Each participating county has agreed to levy a tax within their county to assist in the operation of the District, whose passage requires a majority in the total three county district.

This entity is governed by an eighteen member board that is responsible for its own financial matters and operates autonomously from Hocking County. The Athens County Auditor serves as fiscal agent for the activities of the Board. Nine of the board members are appointed by the Ohio Department of Alcohol and Drug Addiction Service and the other four members are appointed by the Ohio Department of Mental Health. The District derives its revenue from local property taxes, intergovernmental grants and reimbursements, and other miscellaneous revenue. Hocking County has no ongoing financial interest or responsibility in this District.

Athens/Hocking Joint Solid Waste Management District

The County is a member of the Athens/Hocking Joint Solid Waste Management District, which is a jointly governed organization of these two counties. The purpose of the District is to make disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating, and land filling. The District's sole revenue source is derived from a waste disposal fee for in-district and out-of-district waste. Although the counties contributed amounts to the District at the time of its creation, all contributions have since been returned to the respective counties and no future contributions by the counties are anticipated. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

Buckeye Joint-County Self Insurance Council

The Buckeye Joint-County Self Insurance Council is a jointly governed organization that serves Athens, Hocking, Jackson, Meigs, Monroe, Morgans, Noble, Perry, Pike, Vinton, and Washington Counties and was formed as an insurance pool for the purpose of providing general liability, law enforcement, professional and fleet insurance. Member counties provide operating resources to the organization base on actuarially determined rates. The degree of control exercised by any participating government is limited to its representation on the Board. Hocking County does not have any ongoing interest or responsibility in the organization.

NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains one enterprise fund for reporting purposes. This fund is intended to be self-supporting through user fees charged for services provided to consumers for sewage services. The component units, Hocking Valley Community Hospital and Hocking Valley Industries, Inc. were excluded because detailed financial information on these component units is presented in Note 18. Financial segment information as of and for the year ended December 31, 2000, is as follows:

	Hocking County Sewer Fund
Operating Revenues	\$161,338
Operating Expenses Before Depreciation	140,276
Depreciation Expense	65,254
Operating Loss	(44,192)
Nonoperating Revenues (Expenses):	
Interest and Fiscal Charges	(27,622)
Operating Transfers In	2,823
Operating Transfers Out	(89)

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS – Continued

	Hocking County Sewer Fund
Net Loss	(69,080)
Net Working Capital	52,040
Total Assets	2,117,595
Revenue Bonds Payable	542,200
Total Fund Equity	1,563,403
Encumbrances Outstanding at December 31, 2000	1,963

NOTE 18 - CONDENSED FINANCIAL INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNITS

A. Balance Sheet	Hocking Valley Community Hospital	Hocking Valley Industries, Inc.	Total
Assets:			
Cash and Cash Equivalents in Segregated Accounts	\$1,342,271	\$166,569	\$1,508,840
Investments in Segregated Accounts	1,417,310	0	1,417,310
Accounts Receivable	4,179,172	0	4,179,172
Materials and Supplies Inventory	139,647	14,746	154,393
Prepaid Items	10,280	0	10,280
Deferred Financing Costs	102,607	0	102,607
Other Assets	0	1,000	1,000
Assets Whose Use is Limited - Under Bond Indenture Agreement	330,000	0	330,000
Other Receivables	35,901	0	35,901
Fixed Assets (Net of Accumulated Depreciation)	<u>8,283,206</u>	<u>106,416</u>	<u>8,389,622</u>
Total Assets	<u>\$15,840,394</u>	<u>\$288,731</u>	<u>\$16,129,125</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$1,874,300	\$0	\$1,874,300
Accrued Wages and Benefits	987,796	0	987,796
Third Party Settlements	88,717	0	88,717
Deposits Held and Due to Others	0	2,115	2,115
Capital Leases Payable	1,343,584	0	1,343,584
County Hospital Bonds & Long Term Notes	<u>4,342,817</u>	<u>0</u>	<u>4,342,817</u>
Total Liabilities	<u>8,637,214</u>	<u>2,115</u>	<u>8,639,329</u>
Fund Balances - Undesignated	<u>7,203,180</u>	<u>286,616</u>	<u>7,489,796</u>
Total Liabilities and Fund Balances	<u>\$15,840,394</u>	<u>\$288,731</u>	<u>\$16,129,125</u>

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 18 - CONDENSED FINANCIAL INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNITS - Continued

B. Statement of Revenues, Expenses and Changes in Fund Balances

	Hocking Valley Community Hospital	Hocking Valley Industries, Inc.	Total
Operating Revenues:			
Charges for Services	\$0	\$675,099	\$ 675,099
Patient Service Revenues	20,973,644	0	20,973,644
Contributions	0	439,785	439,785
Other Operating Revenues	118,065	6,025	124,090
Total Operating Revenues	<u>21,091,709</u>	<u>1,120,909</u>	<u>22,212,618</u>
Operating Expenses:			
Personal Services	8,614,326	563,041	9,177,367
Contractual Services	4,632,251	476,494	5,108,745
Materials and Supplies	4,617,051	90,942	4,707,993
Provision for Bad Debts	1,601,682	0	1,601,682
Other Operating Expenses	0	13,093	13,093
Depreciation and Amortization	965,276	33,905	999,181
Total Operating Expenses	<u>20,430,586</u>	<u>1,177,475</u>	<u>21,608,061</u>
Operating Income (Loss)	661,123	(56,566)	604,557
Nonoperating Revenues (Expenses):			
Investment Income	179,630	6,135	185,765
Interest and Fiscal Charges	(329,010)	(64)	(329,074)
Transfers to Affiliates	(290,143)	0	(290,143)
Other Nonoperating Expenses	(555)	0	(555)
Total Nonoperating Revenues (Expenses)	<u>(440,078)</u>	<u>6,071</u>	<u>(434,007)</u>
Excess of Revenues Over (Under) Expenses	221,045	(50,495)	170,550
Fund Balance at 1/1/00	<u>6,982,135</u>	<u>337,111</u>	<u>7,319,246</u>
Fund Balance at 12/31/00	<u>\$7,203,180</u>	<u>\$286,616</u>	<u>\$7,489,796</u>

NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL

As indicated in Note 1 to the General Purpose Financial Statements, the following disclosures are made on behalf of Hocking Valley Community Hospital:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Hocking Valley Community Hospital (Hospital), located in Hocking County, Logan, Ohio, is organized as a county hospital under provisions of the general statutes of the State of Ohio requiring no specific articles of incorporation. The organization is exempt from Federal income taxes. The Board of Trustees, appointed by the county commissioners and the probate and common pleas court judges, is charged with the management and operation of the Hospital, its finances and staff. The Hospital, which began operations in 1966, has a 61-bed acute care unit and a 30-bed skilled nursing unit.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL - Continued

Basis of Presentation - The financial statements have been presented in conformity with generally accepted accounting principles as recommended in the Audit Guide (Audits of Providers of Health Care Services) published by the American Institute of Certified Public Accountants. The significant accounting policies conform to Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The Hospital also applies the Financial Accounting Standards Board Statements and Interpretations issued prior to November 30, 1989 to the extent that they do not contradict or conflict with GASB pronouncements.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affected the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Proprietary Fund Accounting - The Hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis.

Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. As a part of previous financing related to its current hospital facilities, the Hospital received grants from the Hill-Burton Agency of the Federal government. Attached to the grants are certain restrictions requiring the Hospital to provide an annual amount of uncompensated care to indigent patients. The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics. The amount of charity care not recorded as revenue was approximately \$745,000 in 2000.

Net Patient Service Revenue - Normal billing rates for patient services are included in patient service revenue. Patient accounts receivable are adjusted for contractual allowances which are reported on the basis of preliminary estimates of the amounts to be received from third party payors. Final adjustments are recorded in the period such amounts are finally determined. In 2000, approximately 50% of the Hospital's total patient revenue was derived from Medicare payments while 12% was derived from Medicaid payments. The remaining revenue was derived primarily from commercial insurance payments and individual self-payments.

Investments - The Hospital's policy is to invest available funds in obligations of the U.S. Government, certificates of deposit, mutual funds and money market funds. Marketable equity securities owned by the Hospital were received through donations. The portfolio is carried at fair value at December 31, 2000.

Assets Whose Use is Limited - Assets whose use is limited consists of certificates of deposit restricted by the Trustee for maintenance of a minimum operating reserve in connection with the Hospital's Refunding and Improvement Bonds (see item 6 of this Note 19). The certificates are carried at fair value which approximates cost.

Inventory - Inventories are stated at the lower of cost (first-in, first-out) or market.

Property, Plant and Equipment - Property, plant and equipment are reported on the basis of cost, except for donated items which are recorded at fair value at the date of the donation. Expenditures which materially increase values, change capacities, or extend useful lives are capitalized. Depreciation is computed using the straight-line method over the lesser of the expected useful lives of depreciable assets. Equipment under capital leases is amortized using the straight-line method over the lesser of the lease term or the estimated useful life of the equipment.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL - Continued

Deferred Financing Costs - Deferred financing costs primarily consist of underwriter fees and other costs related to the issuance of the bonds (see item 6 of this Note 19) and are being amortized over the life of the bonds on the straight-line method. Accumulated amortization as of December 31, 2000 was \$11,905.

Cash and Cash Equivalents - The Hospital considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Risk Management - The Hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance is purchased for claims arising from such matters. Settled claims have not exceeded this coverage.

2. NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payment to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

- Inpatient acute care services rendered to Medicare and Medicaid program beneficiaries are paid at prospectively determined rates-per-discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors; and
- Certain other costs applicable to the Medicare and Medicaid programs, primarily depreciation and other defined capital costs, skilled nursing costs and certain outpatient costs for the Medicare program, and outpatient costs for the Medicaid program are paid under a cost reimbursement methodology. As a result, final payment for these services will be determined after submission the Hospital's cost reports and audits by the third-party payors (see item 5 of this Note 19).

Gross patient service revenue and the allowances to reconcile to net patient service revenue for the year ended December 31, 2000 is as follows:

Gross patient service revenues	\$32,369,128
Less third-party allowances	<u>11,395,484</u>
Net patient service revenue	<u>\$20,973,644</u>

3. DEPOSITS AND INVESTMENTS

The classification of cash and cash equivalents, assets whose use is limited and investments in the financial statements differs from criteria set forth in GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Agreements". A reconciliation between the general fund classifications of cash and cash equivalents, assets whose use is limited and investments per GASB Statement No. 3 is as follows:

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL - Continued

	Cash and Cash Equivalents	Assets Whose Use is Limited	Investments
Financial statements	\$1,342,271	\$330,000	\$1,417,310
Government securities	0	0	(154,113)
Mutual funds and equities	0	0	(958,413)
Star Ohio	(107,661)	0	0
Merrill Lynch cash management account	(41,626)	0	0
Advest money market account	(884,752)	0	0
Cash on hand	<u>(750)</u>	<u>0</u>	<u>0</u>
 GASB Statement No. 3 deposits	 <u>\$ 307,482</u>	 <u>\$330,000</u>	 <u>\$ 304,784</u>

Deposits - At December 31, 2000, the carrying amount of the Hospital's bank deposits for all funds is \$942,266 as compared to a bank balance of \$1,021,495. The difference in carrying amounts and bank balances are caused by outstanding checks and deposits in-transit. Of the bank balances, \$123,375 is covered by Federal insurance programs and \$898,120 is collateralized with securities held by the financial institution or by its trust department or agent but not in the Hospital's name.

Investments - The Hospital's investments for GASB Statement 3 purposes are categorized below to give an indication of the level of risk assumed by the entity. Risk Category 1 includes those investments that meet any one of the following criteria: a) Insured; b) Registered; or c) Held by the Hospital or its agent in the Hospital's name.

Risk categories 2 and 3 include investments which are neither insured nor registered. Category 2 includes investments which are held by the counterparty's trust department (or agent) in the Hospital's name. Category 3 includes investments held by a) the counterparty, or b) the counterparty's trust department (or agent), but not in the Hospital's name.

	1	Category 2	3	Carrying Amount
Government Securities	\$0	\$0	\$154,113	\$154,113
Star Ohio, Merrill Lynch and Advest	0	1,034,039	0	1,034,039
Mutual funds and equities	0	0	958,413	958,413
Total	<u>\$0</u>	<u>\$1,034,039</u>	<u>\$1,112,526</u>	<u>\$2,146,565</u>

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

Land improvements	\$ 239,180
Buildings and improvements	8,883,923
Equipment	7,050,936
Equipment under capital lease obligations	2,315,034
Total	<u>18,489,073</u>
Less accumulated depreciation	<u>10,205,867</u>
Total	<u>\$8,283,206</u>

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL - Continued

5. MEDICARE AND MEDICAID THIRD-PARTY SETTLEMENTS

Reimbursement for Medicare and Medicaid patients is subject to audit and final settlements by the respective intermediaries. Final settlements have been reached with Medicare through 1997 and with Medicaid through 1995. The amounts reported in the financial statements represent the estimated settlements outstanding at December 31, 2000, which Hospital management believes will approximate final settlements after audit by the respective agencies.

6. LONG-TERM DEBT AND LEASES

Long-term debt consists of the following:

County Hospital Refunding and Improvement Bonds, dated July 15, 1993:	
Serial bonds, principal due each December 1 through 2003 ranging from \$150,000 to \$185,000, interest due each June 1 and December 1 with rates ranging from 3.95% to 4.8%.	\$530,000
Term bonds, 5.35%, due December 1, 2008, mandatory annual redemption beginning December 1, 2004 in installments ranging from \$195,000 to \$235,000, plus interest.	1,075,000
Term bonds, 5.45%, due December 1, 2013, mandatory annual redemption beginning December 1, 2009 in installments ranging from \$50,000 to \$65,000, plus interest.	290,000
County Hospital Improvement Bonds, dated March 3, 1999:	
Serial bonds, rates ranging from 3.3% to 4.65%, principal due each December 1 through 2013, ranging from \$90,000 to \$145,000, with interest due each June 1 and December 1.	1,495,000
Term bonds, 4.75%, due December 1, 2019, mandatory annual redemption beginning December 1, 2014 in installments ranging from \$150,000 to \$185,000, plus interest.	1,025,000
Less - bond discount	<u>(72,183)</u>
Total	4,342,817
Less current portion	<u>260,000</u>
Long-term debt, excluding current portion	<u>\$4,082,817</u>

In 1993, the Hospital received \$3,300,000 in proceeds from the issuance of Hocking County Hospital Refunding and Improvement Bonds (Refunding and Improvement Bonds) which was used to repay \$2,040,000 Hocking County Hospital Refunding Bonds (Refunding Bonds) before their scheduled maturity, repay a capital lease and construct certain Hospital improvements. The Hospital has agreed with the Hocking County Commissioners, as Trustee for the Refunding and Improvement Bonds, to maintain a minimum operating reserve of \$330,000.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL - Continued

6. LONG-TERM DEBT AND LEASES - Continued

In 1997, the Hospital received \$950,000 in proceeds from the issuance of a County Hospital Improvement Bond Anticipation Note which was used to construct a behavioral health unit. This Note was repaid through the 1999 County Hospital Improvement Bonds.

In 1999, the Hospital received \$2,610,000 in proceeds from the issuance of Hocking County Hospital Improvement Bonds. The proceeds of the bonds were used to retire the \$950,000 County Hospital Improvement Bond Anticipation Note, construct a purchasing facility and various other remodeling projects.

The Hospital leases equipment under capital lease agreements which generally require the Hospital to pay insurance and maintenance costs. These capital leases are due in monthly installments including interest at rates ranging from approximately 5.1% to 12.1%. They expire at various dates through May 2004 and are collateralized by the equipment leased.

Cost of equipment under capital lease	\$2,315,034
Accumulated amortization	<u>539,279</u>
Net carrying amount	<u>\$1,775,755</u>

Minimum payments on these obligations to maturity as of December 31, 2000 follows:

	Debt	Capital Leases	Total
Year:			
2001	\$260,000	\$495,600	\$755,600
2002	270,000	374,970	644,970
2003	280,000	348,059	628,059
2004	100,000	314,046	414,046
2005	105,000	128,568	233,568
Thereafter	<u>3,400,000</u>	<u>15,745</u>	<u>3,415,745</u>
Subtotal	4,415,000	1,676,988	6,091,988
Less amount representing interest on capital leases	0	333,404	333,404
Less bond discount	<u>72,183</u>	<u>0</u>	<u>72,183</u>
Total	4,342,817	1,343,584	5,686,401
Less current portion	<u>260,000</u>	<u>373,723</u>	<u>633,723</u>
Long-term portion	<u>\$4,082,817</u>	<u>\$969,861</u>	<u>\$5,052,678</u>

7. PENSION PLAN

Plan Description - All Hospital employees are required to participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, health care benefits and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefit provision. PERS issues a publicly available comprehensive annual financial report may be obtained by writing to Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)466-2085 or (800)222-PERS (7377).

Funding Policy - The Hospital and employees contributed at actuarially determined rates for 2000, 10.84% and 8.5%, respectively, of covered employee payroll to PERS. The Hospital's contributions to PERS for the years ended December 31, 2000, 1999 and 1998 were \$781,737, \$881,658 and \$963,226, respectively.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL - Continued

7. PENSION PLAN - Continued

PERS also provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The healthcare coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB). The Ohio Revised Code provides statutory authority for employer contributions. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. For the year ended December 31, 2000, that portion was 4.3%. OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree healthcare, along with investment income on allocated assets and periodic adjustments in healthcare provisions are expected to be sufficient to sustain the program indefinitely. \$10,805.5 million represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 1999 (the most recent data available). The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively. The number of benefit recipients eligible for OPEB was 401,339.

8. PROFESSIONAL LIABILITY INSURANCE

The Hospital has professional liability insurance with a commercial carrier. Coverage is \$1,000,000 per occurrence and \$3,000,000 in the aggregate. In addition, the Hospital has umbrella coverage of \$1,000,000 per occurrence and \$1,000,000 in the aggregate. The policy also requires that certain members of the medical staff carry professional liability coverage of no less than \$1,000,000 per occurrence and \$1,000,000 in the aggregate. The Hospital's coverage is on a claims made basis.

9. DEFERRED COMPENSATION

Employees of the Hospital may elect to participate in the Ohio Public Employees Deferred Compensation Program (Program), a deferred compensation plan under Internal Revenue Code Section 457. Under the Program, employees may elect to defer a portion of their pay until a later date, usually after retirement. The deferred pay and any income earned thereon is not subject to Federal and state income taxes until actually received by the employee.

During 1998, all plan assets under the Ohio Public Employees Deferred Compensation Program were switched and are now being held in a trust arrangement for the exclusive benefit of participants and their beneficiaries, as required by the Small Business Job Protection Act of 1996. Under this Act, all existing deferred compensation plans were required to implement such a trust arrangement by January 1, 1999. The assets and associated liabilities of this plan are not reflected in the financial statements of the Hospital as of December 31, 2000.

10. RELATED PARTIES

In January 1980, the Hocking Valley Community Hospital Memorial Fund, Inc. (Foundation) was organized as a separate not-for-profit membership corporation. The purpose of the Foundation is to solicit gifts for the benefit of the Hospital. The Board of Directors of the Foundation are elected by the Foundation's members. The accompanying financial statements do not include the assets, obligations, revenues or expenses of the Foundation. During the year ended December 31, 2000, the Foundation did not make significant contributions to the Hospital.

In May 1995, Hocking Valley Health Services (HVHS), a not-for-profit membership corporation located in Logan, Ohio, was formed. The purpose of HVHS is to provide health care and physician services and to own, lease, operate and/or provide health care facilities for the promotion of health in the area served by the Hospital. Additionally, HVHS is to conduct strategic health care planning and otherwise operated exclusively for the benefit and support of the Board of Governors of the Hospital. The Board of Trustees of HVHS are elected by HBHS's members of which fifty percent of the voting rights are controlled by the Board of Governors of the Hospital.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 19 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY COMMUNITY HOSPITAL - Continued

In March 1996, Hocking Valley Medical Group, Inc. (HVMG) was organized as a separate not-for-profit stock professional corporation. The purpose of HVMG is to engage in the practice, and to render the professional services, of medicine and to further the charitable purposes of the Foundation and the Hospital. At December 31, 2000, the sole shareholder of HVMG has entered an agreement with the Foundation and HVMG that states the shares of HVMG will be voted as directed by the Foundation. The accompanying financial statements do not include the assets, obligations, revenues or expenses of HVMG.

During 2000, the Hospital transferred \$290,143 to HVMG. This transfer is reflected in the changes in fund balance.

On September 24, 1999 the Hospital entered into a 10 year non-cancelable lease with the Foundation for the Medical Arts Building. The Hospital is responsible for utilities, taxes, maintenance and insurance in addition to the rental payments of \$6,256 per month. Future minimum rental payments are as follows for the years ending December 31:

2001	\$75,075
2002	75,075
2003	75,075
2004	75,075
2005	75,075
Thereafter	281,531
Total minimum lease payments	<u>\$656,906</u>

11. COMMITMENTS AND ONTINGENCIES

Subsequent to December 31, 2000, the Hospital committed to construction contracts to construct and renovate certain surgery and labatory projects totaling approximately \$2.7 million. The Hospital also entered into a capital lease for equipment totaling \$399,000.

NOTE 20 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY INDUSTRIES, INC.

As indicated in Note 1 to the General Purpose Financial Statements, the following disclosures are made on behalf of Hocking Valley Industries, Inc.:

1. ORGANIZATION AND OPERATIONS

Hocking Valley Industries, Inc. is incorporated in the State of Ohio. The Organization provides habilitation services for the mentally and physically handicapped.

2. ACCOUNTING POLICIES

Equipment is stated at cost and includes expenditures for new equipment and those which significantly extend the useful lives of existing equipment. Maintenance, repairs and renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and allowances for depreciation are removed from respective accounts and any gain or loss is included in the statement of income.

Depreciation is computed using the accelerated cost recovery system and the modified accelerated depreciation system as appropriate.

HOCKING COUNTY, OHIO

Notes to the General Purpose Financial Statements
For the Year Ended December 31, 2000

NOTE 20 - COMPONENT UNIT DISCLOSURES - HOCKING VALLEY INDUSTRIES, INC. - Continued

Basis of accounting - The accompanying financial statements have been prepared on the cash basis. Consequently, certain revenues and expenses are recognized in the determination of income in different reporting periods than they would be if the financial statements were prepared in conformity with generally accepted accounting principles.

Inventory is priced at lower of cost or market, principally using the first-in, first-out method.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. TAX STATUS

The agency is a nonprofit voluntary agency, exempt from income tax under Section 501 (c) (3) of the U.S. Internal Revenue Code. The nonprofit corporation is in compliance with the Internal Revenue Code in its respective filings of Form 990, Return of Organization Exempt from Income Tax.

4. LEASES

The agency is leasing its premises from Hocking County Board of Mental Retardation and Developmental Disabilities. For the period beginning January 1, 1998 through January 1, 1999, the lease was \$850 per month. This lease was renewed for the period of January 28, 1999 through January 28, 2000 for \$850 a month. This lease was extended while a new contract was being negotiated. Effective for the three year period July 1, 1999 through June 30, 2002, these payments will continue at \$850 per month. Lease expense (rent) for the year ended December 31, 2000 was \$10,200. The Hocking County Board of Mental Retardation and Developmental Disabilities also pays the salaries of certain supervisory personnel.

The following is a schedule of remaining lease payments on the above operating lease:

2001	\$10,200
2002	<u>5,100</u>
Total lease payments	<u>\$15,300</u>

5. CONCENTRATIONS OF CREDIT RISK

The agency maintains its cash balances in one financial institution located in Logan, Ohio. At December 31, 2000, all of the cash balances are insured by the Federal Deposit Insurance Corporation.

NOTE 21 - CONTINGENT LIABILITIES

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

The County had no significant pending litigation cases at December 31, 2000 which could have a significant impact on the general purpose financial statements for the year ended December 31, 2000.

Hocking County, Ohio
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2000

Federal Grantor / Pass through Grantor / Program Title	Pass through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through Ohio Department of Mental Retardation:</i>			
Promoting Safe and Stable Families Program Grant	G010-6555	93.556	\$38,227
Social Services Block Grant, Title XX	37-90-4058	93.667	26,417
Medical Assistance Program, Title XIX	48-90-4058	93.778	121,748
Total U.S. Department of Health and Human Services			186,392
<u>U.S. Department of Education</u>			
<i>Passed through Ohio Department of Health:</i>			
Special Education - Grants for Infants and Families with Disabilities	PL-102-119	84.181	65,765
Total U.S. Department of Education			65,765
<u>U.S. Department of Justice</u>			
<i>Direct from the Federal Government:</i>			
Drug Court Discretionary Grant Program	N/A	16.585	17,064
<i>Passed through Ohio Office of Attorney General:</i>			
Crime Victim Assistance Grant	37-220T	16.575	30,605
<i>Passed through Ohio Office of Criminal Justice Services:</i>			
Local Law Enforcement Block Grants	66-KB-KEB3034	16.592	18,599
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program	99-DG-F02-7336	16.580	59,905
Total U.S. Department of Justice			126,173
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through Ohio Department of Development:</i>			
Small Cities - Formula Grant	B-F-98-034-01	14.228	40,599
Small Cities - Formula Grant	B-P-98-034-01	14.228	150,254
Total U.S. Department of Housing and Urban Development			190,853
<u>Federal Emergency Management Agency</u>			
<i>Passed through Ohio Department of Public Safety - Emergency Management Agency:</i>			
Emergency Management - State and Local Assistance Program	N/A	83.534	8,801
Public Assistance Grants - Hazard Mitigation Program	FEMA-DR-1164-OH	83.548	227,639
Total Federal Emergency Management Agency			236,440
Total Federal Awards Expenditures			\$805,623

Hocking County, Ohio
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2000

Note 1 - Significant Accounting Policies

The County prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

Note 2 - Federal Funds Not Reported

Federal funds received by the Hocking County Department of Job and Family Services are not included in this schedule due to the fact that these funds are both reported and audited at the State of Ohio level of government.

**Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards**

Board of Commissioners
Hocking County
1 East Main Street
Logan, Ohio 43138

We have audited the financial statements of Hocking County (the County), as of and for the year ended December 31, 2000, and have issued our report thereon dated June 19, 2001. We did not audit the financial statements of the County's discretely presented component units, Hocking Valley Community Hospital and Hocking Valley Industries, Inc. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Hocking Valley Community Hospital and Hocking Valley Industries, Inc., is based on the reports of the other auditors. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted several instances of noncompliance that we have reported to the management of the County in a separate letter dated June 19, 2001.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of the County in a separate letter dated June 19, 2001.

Board of Commissioners
Hocking County
Report on Compliance and on Internal Control over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

This report is intended for the information and use of the Financial Report Review Committee, Commissioners, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig & Associates, Inc.

J. L. UHRIG & ASSOCIATES, INC.
Certified Public Accountants

June 19, 2001

**Report on Compliance with Requirements Applicable to Each Major
Program and Internal Control over Compliance in Accordance with
OMB Circular A-133**

Board of Commissioners
Hocking County
1 East Main Street
Logan, Ohio 43138

Compliance

We have audited the compliance of Hocking County (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. The County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2000.

Internal Control over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Board of Commissioners
Hocking County
Report on Compliance with Requirements Applicable to Each Major
Program and Internal Control over Compliance in Accordance with
OMB Circular A-133

This report is intended for the information and use of the Financial Report Review Committee, Commissioners, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig & Associates, Inc.

J. L. UHRIG & ASSOCIATES, INC.
Certified Public Accountants

June 19, 2001

Hocking County, Ohio
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2000

A. SUMMARY OF AUDITOR'S RESULTS

1. Type of Financial Statement Opinion	Unqualified
2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?	No
3. Were there any other reportable internal control weaknesses reported at the financial statement level (GAGAS)?	No
4. Was there any material noncompliance reported at the financial statement level (GAGAS)?	No
5. Were there any material internal control weaknesses reported for major federal programs?	No
6. Were there any other reportable internal control weaknesses reported for major federal programs?	No
7. Type of Major Programs' Compliance Opinion	Unqualified
8. Are there any reportable findings under § .510?	No
9. Major Programs (list):	Hazard Mitigation Grant - CFDA #83.548
10 Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Other Programs
11 Low Risk Auditee?	Yes

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
 REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

HOCKING COUNTY FINANCIAL CONDITION

HOCKING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 17, 2001